

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	KeeSun Access Road Land Use License #6218
Proposed Implementation Date:	May 2013
Proponent:	KeeSun Corporation
Location:	Section 36, Township 2 North, Range 25 East (Common Schools Trust)
County:	Yellowstone County

I. TYPE AND PURPOSE OF ACTION

The Proponent has applied to the DNRC Southern Land Office (SLO) for a Land Use License to permit the use of an existing two-track road to access private land, specifically Section 2-T1N-R25E and Section 35-2N-25E, for three (3) exploratory oil and gas wells. If one or more of the wells proves productive, this LUL could be modified to encompass the more intense use of the road to the new well(s) or an easement may be pursued for the road and/or any other required facilities to serve the well(s). The road runs along the south section line of the Trust land and is on the State on approximately the far west 1/3rd and far east 1/3rd with the road winding south onto private land in the middle of the section. The portion on the Trust land is $\pm 3,530'$ or 0.67 miles long and is illustrated on attached "Exhibit A". The Land Use License would be approved for a 1 year term with the potential for it to be renewed or converted to an easement, depending on the results of the wildcat wells.

II. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

Provide a brief chronology of the scoping and ongoing involvement for this project.

No formal public scoping was performed by the Southern Land Office (SLO) for this proposed project. The state grazing lessee, Dover Ranch, was contacted by KeeSun and has signed a Settlement of Damages form.

The road was inspected on 16 May 2013 by Jeff Bollman, Southern Land Office Area Planner.

2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

The exploratory wells that are proposed to be accessed by this road have been issued a Permit to Drill from the Montana Board of Oil and Gas Commission.

3. ALTERNATIVES CONSIDERED:

Proposed Alternative: Approve the issuance of a Land Use License to allow use of an existing road by KeeSun Corporation on State Trust land described as Section 36-T2N-R25E in Yellowstone County for three (3) exploratory oil and gas wells on private land located south and west of the state land.

No Action Alternative: Deny the request by KeeSun Corporation to utilize an existing road on state Trust land to access three exploratory oil and gas wells located on private land.

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" if no impacts are identified or the resource is not present.*

4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:

Consider the presence of fragile, compactable or unstable soils. Identify unusual geologic features. Specify any special reclamation considerations. Identify any cumulative impacts to soils.

All proposed project activities would remain on the existing two-track road. The Licensee would be responsible for restoring any damage to the road or surface after the well drilling is completed. No significant adverse impacts are anticipated by implementing the proposed alternative.

5. WATER QUALITY, QUANTITY AND DISTRIBUTION:

Identify important surface or groundwater resources. Consider the potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality. Identify cumulative effects to water resources.

There are some drainages and stockwater reservoirs south of the road on private land, but they are over ½-mile away from the existing road location. Due to the distance from the existing road to the water features, minimal impacts to water quality, quantity and distribution are anticipated.

6. AIR QUALITY:

What pollutants or particulate would be produced? Identify air quality regulations or zones (e.g. Class I air shed) the project would influence. Identify cumulative effects to air quality.

There would be some short-term airborne particulates from increased traffic on the existing two-track road. Due to the relative remoteness of the proposed project area and distance to any residences, no significant adverse impacts are anticipated.

7. VEGETATION COVER, QUANTITY AND QUALITY:

What changes would the action cause to vegetative communities? Consider rare plants or cover types that would be affected. Identify cumulative effects to vegetation.

All proposed project activities would remain within the current road footprint and minimal vegetative disturbance is expected. No significant adverse impacts to vegetation cover, quantity or quality are expected by implementing the proposed alternative.

8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:

Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify cumulative effects to fish and wildlife.

A variety of big game, small mammals, raptors, songbirds and grouse potentially use this area. Due to the use being restricted to the existing road, no significant impacts to terrestrial, avian and aquatic life and habitats are expected to occur as a result of implementing the proposed alternative.

9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:

Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify cumulative effects to these species and their habitat.

A proposed project area search of the Montana Natural Heritage Program database identified five vertebrate animals that are listed as a species of concern or threatened species: Greater sage-grouse, Burrowing Owl, Spotted Bat, Black-tailed Prairie Dog and Milksnake.

Greater sage-grouse have been observed in the vicinity of the proposed project area, two leks were identified in the area, both of which are over one mile away from the subject section. The existing road will have limited use; therefore no significant impacts are anticipated.

Burrowing owls have been observed in the general area of the proposed project area. The area along the road does not contain any prairie dog towns which would provide the most suitable habitat, however there are towns located approximately one mile south and one mile east. Burrowing owls could use this area for foraging. Due to the proposed project activities of using an existing road, minimal impacts are anticipated.

Spotted bat is listed as a species of concern. The existing road is located in an area where there are no cliffs or outcroppings, which constitute their preferred habitat. The Spotted Bat could traverse or forage through the subject site and they may roost outside the project area in the surrounding cliffs and outcroppings. No significant impacts are anticipated since the proposed project area does not contain any cliffs or outcroppings.

Black-tailed Prairie Dog is listed as a species of concern and towns have been identified approximately 1 mile south and 1 mile east of the project site. Since the proposed project area does not contain an active town, no significant impacts to the black-tailed prairie dog are expected.

Milksnake is listed as a species of concern. The area around the existing road has some characteristics that are common for milksnake habitat. The Montana Field Guide shows an extensive range, that runs roughly east and south of the Missouri River. The proposed action is not expected to have a significant effect based on its extensive range and the relatively small area impacted by using the existing road.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

Identify and determine effects to historical, archaeological or paleontological resources.

There are no cultural resources known to exist within the proposed project area. Additionally, when SLO staff visited the site in May, a visual survey of the project area was conducted and no cultural features were noted in the proposed project area. No significant adverse impacts to historical and archaeological sites are expected by implementing the proposed alternative.

11. AESTHETICS:

Determine if the project is located on a prominent topographic feature, or may be visible from populated or scenic areas. What level of noise, light or visual change would be produced? Identify cumulative effects to aesthetics.

The proposed project activities would be restricted to an existing two-track road. The proposed project area is located in a relatively remote area and is not visible from any populated areas and there are no residences nearby. No significant adverse impacts to aesthetics are expected by implementing the proposed alternative.

12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:

Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify cumulative effects to environmental resources.

No significant impacts to environmental resources of land, water, air or energy are expected as a result of implementing the proposed alternative.

13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:

List other studies, plans or projects on this tract. Determine cumulative impacts likely to occur as a result of current private, state or federal actions in the analysis area, and from future proposed state actions in the analysis area that are under MEPA review (scoped) or permitting review by any state agency.

There are no other known state or federal environmental reviews taking place in the subject area.

IV. IMPACTS ON THE HUMAN POPULATION

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" if no impacts are identified or the resource is not present.*

14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

No significant adverse impacts to human health and safety are expected to occur as a result of implementing the proposed alternative.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

Identify how the project would add to or alter these activities.

No significant adverse impacts to industrial, commercial and agricultural activities and production are expected to occur as a result of implementing the proposed alternative.

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:

Estimate the number of jobs the project would create, move or eliminate. Identify cumulative effects to the employment market.

The proposed action is not expected to have a significant impact on the quantity and distribution of employment.

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:

Estimate tax revenue the project would create or eliminate. Identify cumulative effects to taxes and revenue.

The proposed action and the nature of the activity is not expected to have a significant positive or negative impact to the local or state tax base.

18. DEMAND FOR GOVERNMENT SERVICES:

Estimate increases in traffic and changes to traffic patterns. What changes would be needed to fire protection, police, schools, etc.? Identify cumulative effects of this and other projects on government services

The implementation of the proposed alternative is not expected to generate any additional demands on services provided by Yellowstone County.

19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:

List State, County, City, USFS, BLM, Tribal, and other zoning or management plans, and identify how they would affect this project.

Implementation of the proposed alternative will not conflict with any locally adopted plans.

20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:

Identify any wilderness or recreational areas nearby or access routes through this tract. Determine the effects of the project on recreational potential within the tract. Identify cumulative effects to recreational and wilderness activities.

Persons possessing a valid state lands recreational use license may conduct recreational activities on the tract with permission from the surrounding private landowners that would control access to this landlocked tract. There is also Trust land with public access that adjoins this section at the southeast corner, Section 6-T1N-R26E, however, there is not legal public access via a corner-to-corner crossing. The proposed project would not affect the existing access for the general public.

21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:

Estimate population changes and additional housing the project would require. Identify cumulative effects to population and housing.

No significant adverse impacts to density and distribution of population and housing are expected to occur as a result of implementing the proposed alternative.

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

There are no native, unique or traditional lifestyles or communities in the vicinity that would be impacted by the proposed alternative.

23. CULTURAL UNIQUENESS AND DIVERSITY:

How would the action affect any unique quality of the area?

The proposed alternative would not directly impact cultural uniqueness or diversity.

24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:

Estimate the return to the trust. Include appropriate economic analysis. Identify potential future uses for the analysis area other than existing management. Identify cumulative economic and social effects likely to occur as a result of the proposed action.

The proposed alternative to issue a Land Use License for road use would provide a \$25 application fee and an annual payment of \$300 to the Common Schools Trust.

EA Checklist Prepared By:	Name: Jeff Bollman	Date: 20 May 2013
	Title: Southern Land Office Area Planner	

V. FINDING

25. ALTERNATIVE SELECTED:

After reviewing the Environmental Assessment, the proposed alternative has been selected and it is recommended that a Land Use License be issued to permit the use of the existing road to access private land, specifically Section 2-T1N-R25E and Section 35-2N-25E, for three (3) exploratory oil and gas wells. The proposed alternative can be implemented in a manner that is consistent with the long-term sustainable natural resource management of the area while also generating revenue for the common school trust.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

The potential for significant impacts from the proposed action is minimal based on the type of action proposed, relatively short duration of the road use and the fact that the road to be used is an existing two-track and no additional construction is planned. All identified potential impacts will be avoided or minimized by utilizing the mitigations listed below and no significant impacts are expected to occur as a result of implementing the proposed alternative.

The mitigation measures that will be required with the issuance of the Land Use License include:

1. All vehicle traffic must stay on the permitted road (see Exhibit A).
2. The road will only be used in dry or frozen conditions.

3. The road shall only be used for access to three (3) exploratory oil and gas wells located in Section 2, Township 1 North, Range 25 East and Section 35, Township 2 North, Range 25 East. The wells that may be accessed with this License are: Sindelar 1-2-1-25, Sindelar 2-2-1-25, and Sindelar 12-35-2-25. Road use for additional wells or other lands requires additional review and could be permitted as an Amendment to this License, which could also result in a rental fee increase.
4. All vehicles, particularly the undercarriage, must be washed prior to entering the tract to ensure removal of dirt and plant material and weed seeds.
5. Adequate drainage and/or erosion control devices/facilities shall be installed and maintained where necessary on the existing road.
6. The Licensee shall be responsible for controlling any noxious weeds introduced by Licensee's activity on state Trust land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the subject section.
7. The road will not be widened beyond its existing footprint without prior approval of the Southern Land Office.
8. Permission must be obtained from the private landowner, Dover Ranch, with control of the portion of the road on private land, south of the subject Trust land.
9. KeeSun Corporation will be required to monitor and control weeds during the License period and for two years after termination of License.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

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EIS

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More Detailed EA

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No Further Analysis

EA Checklist Approved By:	Name:	Matthew Wolcott
	Title:	Southern Land Office Area Manager
Signature: /s/ Matthew Wolcott		Date: May 21, 2013

Exhibit A – Trust Land and Road Location

